

FOR YOUR INFORMATION

# City of Cincinnati



Interdepartmental Correspondence Sheet

Date: March 18, 2012

To: Mayor and Members of City Council

From: *for* Milton Dohoney, Jr. City Manager *out*

Subject: **2012 First Quarter Small Business Enterprise (SBE) Report**

Attached is the 2012 first quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where they are in meeting the annual goal and strategize or plan for the months to follow. The City's SBE annual goal is 30% of the total dollars spent for construction, supplies/services and professional services. Presently, there are 447 certified Small Business Enterprises (SBEs) in a pool of about 9,878 registered vendors that compete for City business. The SBEs represent only 4.5% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City's spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 22% or \$7,608,532 with certified SBEs in this first quarter. The City's 2012 first quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 26.8% or \$5,775,278. The targeted group for the City's SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The City's SBE program is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs who have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In first quarter 2012, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$603,986 or 7.9%. The City's SBE spend with women SBEs in first quarter 2012 was \$1,823,206 or 24.0%<sup>1</sup>. The first quarter 2012 City's SBE spend with African-American SBEs (the largest demographic group of the minorities) was \$493,121 or 6.5%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

Intensive implementation of OPEN Cincinnati occurred in first quarter 2012. Under the guidance of the Office of Contract Compliance (OCC), SRL Consulting started the consulting services directly related to the recommendations of OPEN Cincinnati as stipulated in the City agreement. SRL Consulting has interacted with all City departments in great detail regarding processes and procedures relating to the SBE Program.

C: David Holmes, Assistant City Manager *out*  
Rochelle Thompson, Contract Compliance Officer *RT*

<sup>1</sup> To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.  
City Memo FYI.2012 First Quarter SBE Report

## **2012 First Quarter Certification**

Certification is for two years at which businesses must renew their certification. If businesses do not renew, the certification expires. The Office of Contract Compliance (OCC) received 54 SBE applications in first quarter 2012, some first-time applicants and some renewals. To date, OCC has 453 certified SBEs (including 28 Banks SBEs) in the data base. Of the City-certified SBEs that voluntarily provided information on race and gender, the statistics are as follows: 89 are Women Business Enterprises (WBEs) and 179 are Minority Business Enterprises (MBEs). To avoid double counting, minority-women-owned businesses are counted with minority businesses and WBEs consist only of white-female-owned businesses. There are 157 white- male-owned certified small businesses. There are 28 SBE applicants that did not specify either race or gender. OCC tracks information on race and gender when voluntarily provided by the applicant through the certification process. Again, the City's SBE Program is race and gender neutral; therefore, information provided on race and/or gender is not confirmed. OCC also certifies small businesses specifically for The Banks Project. The Banks application does not ask for race or gender.

An industry leader, the City has a streamlined process for micro firms to self-certify online. Firms within this category are those with a history of implementing contracts valued at or below \$50K. The Online Self-certification is a friendly customer service feature. Self-certification is a quick and easy three page application.

## **2012 First Quarter Outreach Highlights**

In March, OCC joined other inclusion professionals at the Ohio Business Match Maker event hosted by the State of Ohio Department of Development and the Small Business Administration. An OCC representative managed the exhibition that provided information to scheduled vendors plus walk-ins. OCC was able to give information out regarding the SBE Program to about 100 businesses. Some of the vendors were not City certifiable but were referred as potential Banks SBE's or to register as a vendor with the City of Cincinnati. Some were encouraged to open a branch office in the Cincinnati area. Marketing materials were disseminated that contained information pertaining to the SBE Program and/or SBE certification. Information on "How to do business with the City" through the Vendor Self-Service System and where to find bids was also provided.

The OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the first quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In January, the show's topic was on the Urban League's Small Business Development Center and the services it provides. The February show's topic was on the pros and cons of bonding, and March's show provided information on taxation for various business structures.

## **2012 First Quarter SBE Spend Report**

The 2012 first quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual goal is 30% of the total dollars spent for construction, supplies, services, and professional services. The data is generated from the Cincinnati Financial System (CFS) using object codes and the online tracking system of SubContrak. This automated technically coded tracking system captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario. For example, a certified SBE is a subcontractor to a Prime contractor or a subcontractor to a large firm. To repeat, the first quarter SBE vendor spend is 22.0% or \$7,608,532 of the total City vendor spend of \$34,600,889 for Hamilton County. Hamilton County is the determinative factor.

## **2012 First Quarter SBE Spend Report by Race and Gender**

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. Race and gender information provided by businesses is not confirmed because the City has a race and gender neutral program.

### **Conclusion**

The quarterly reports are a snapshot of how the City is doing in reaching the annual goal. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the 30% annual goal. The information gathered each quarter can be used to strategize for the coming months in meeting and/or exceeding the annual goal.

**City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures\***  
**Between 1/1/2012 and 3/31/2012**

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$6,083,371	\$10,738,379	\$16,821,750	36.2%
Prof Services	\$784,863	\$7,355,763	\$8,140,626	9.6%
Supplies/Services	\$740,298	\$8,898,215	\$9,638,514	7.7%
GRAND TOTAL	\$7,608,532	\$26,992,357	\$34,600,889	22.0%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$4,601,293	\$5,331,745	\$9,933,038	46.3%
Prof Services	\$521,142	\$5,965,110	\$6,486,252	8.0%
Supplies/Services	\$652,843	\$4,500,472	\$5,153,314	12.7%
GRAND TOTAL	\$5,775,278	\$15,797,327	\$21,572,604	26.8%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$6,083,371	\$15,997,104	\$22,080,475	27.6%
Prof Services	\$784,863	\$9,313,522	\$10,098,385	7.8%
Supplies/Services	\$740,298	\$16,151,837	\$16,892,135	4.4%
GRAND TOTAL	\$7,608,532	\$41,462,463	\$49,070,995	15.5%

**Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.**

**Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report**

**\* MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

**Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures\***  
**Between 1/1/2012 and 3/31/2012**

SBE Minority/Female Spend in Hamilton County																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$256,369	4.2%	\$108,798	1.8%	\$0	0.0%	\$0	0.0%	\$365,166	6.0%	\$1,195,693	19.7%	\$4,522,512	74.3%	\$0	0.0%	\$6,083,371
Prof Services	\$57,159	7.3%	\$2,067	0.3%	\$0	0.0%	\$0	0.0%	\$59,226	7.5%	\$344,913	43.9%	\$380,724	48.5%	\$0	0.0%	\$784,863
Supplies/Services	\$179,593	24.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$179,593	24.3%	\$282,600	38.2%	\$197,785	26.7%	\$80,320	10.8%	\$740,298
GRAND TOTAL	\$493,121	6.5%	\$110,865	1.5%	\$0	0.0%	\$0	0.0%	\$603,986	7.9%	\$1,823,206	24.0%	\$5,101,020	67.0%	\$80,320	1.1%	\$7,608,532

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$219,518	4.8%	\$7,959	0.2%	\$0	0.0%	\$0	0.0%	\$227,477	4.9%	\$751,797	16.3%	\$3,622,019	78.7%	\$0	0.0%	\$4,601,293
Prof Services	\$56,447	10.8%	\$2,067	0.4%	\$0	0.0%	\$0	0.0%	\$58,514	11.2%	\$307,622	59.0%	\$155,005	29.7%	\$0	0.0%	\$521,142
Supplies/Services	\$172,361	26.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$172,361	26.4%	\$250,784	38.4%	\$149,377	22.9%	\$80,320	12.3%	\$652,843
GRAND TOTAL	\$448,326	7.8%	\$10,026	0.2%	\$0	0.0%	\$0	0.0%	\$458,353	7.9%	\$1,310,203	22.7%	\$3,926,402	68.0%	\$80,320	1.4%	\$5,775,278

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$256,369	4.2%	\$108,798	1.8%	\$0	0.0%	\$0	0.0%	\$365,166	6.0%	\$1,195,693	19.7%	\$4,522,512	74.3%	\$0	0.0%	\$6,083,371
Prof Services	\$57,159	7.3%	\$2,067	0.3%	\$0	0.0%	\$0	0.0%	\$59,226	7.5%	\$344,913	43.9%	\$380,724	48.5%	\$0	0.0%	\$784,863
Supplies/Services	\$179,593	24.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$179,593	24.3%	\$282,600	38.2%	\$197,785	26.7%	\$80,320	10.8%	\$740,298
GRAND TOTAL	\$493,121	6.5%	\$110,865	1.5%	\$0	0.0%	\$0	0.0%	\$603,986	7.9%	\$1,823,206	24.0%	\$5,101,020	67.0%	\$80,320	1.1%	\$7,608,532

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

\* MSD has its own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance